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इस भाग में भिन्न पृष्ठ संख्या दी जाती है जिससे कि यह अलग संकलन के रूप में रखा जा सके।

Separate paging is given to this Part in order that it may be filed as a separate compilation.

## LOK SABHA

The following Bill was introduced in Lok Sabha on 16th August, 2007.

BILL No. 61 OF 2007

*A Bill further to amend the State Bank of India Act, 1955.*

Be it enacted by Parliament in the Fifty-eighth Year of the Republic of India as follows:—

- |                                                                                                                                                                                                              |                               |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|
| 1. (1) This Act may be called the State Bank of India (Amendment) Act, 2007.                                                                                                                                 | Short title and commencement. |
| (2) It shall be deemed to have come into force on the 29th day of June, 2007.                                                                                                                                |                               |
| 2. In the State Bank of India Act, 1955 (hereinafter referred to as the principal Act), in section 3, in sub-section (2), for the words "Reserve Bank", the words "Central Government" shall be substituted. | Amendment of section 3.       |
| 3. In section 5 of the principal Act, in sub-section (2), for the words "Reserve Bank", the words "Central Government" shall be substituted.                                                                 | Amendment of section 5.       |
| 4. In section 10 of the principal Act, in sub-section (2), for the words "Reserve Bank", the words "Central Government" shall be substituted.                                                                | Amendment of section 10.      |
| 5. In section 11 of the principal Act, for the words "Reserve Bank", the words "Central Government" shall be substituted.                                                                                    | Amendment of section 11.      |

Amendment  
of section 18.

6. In section 18 of the principal Act, in sub-section (2), for the words "All directions given by the Central Government shall be given through the Reserve Bank", the words "All directions shall be given by the Central Government" shall be substituted.

Amendment  
of section 19.

7. In section 19 of the principal Act, in clause (c), for the words "Reserve Bank", the words "Central Government" shall be substituted.

Amendment  
of section 24.

8. In section 24 of the principal Act, in sub-section (4), for the words "Reserve Bank", the words "Central Government" shall be substituted.

Amendment  
of section 36.

9. In section 36 of the principal Act, —

(1) in sub-section (1), —

(a) in clause (a), for the words "Reserve Bank", the words "Central Government" shall be substituted;

(b) in clause (b),—

(i) the words "the Reserve Bank or" shall be omitted;

(ii) in the proviso,—

(A) for the words "Reserve Bank", occurring at both the places, the words "Central Government" shall be substituted;

(B) for the words "paid to that Bank", the words "paid to that Government" shall be substituted;

(2) in clause (a) and clause (aa) of sub-section (2) and in sub-section (3), for the words "Reserve Bank", wherever they occur, the words "Central Government" shall be substituted.

Repeal and  
saving.

10. (1) The State Bank of India (Amendment) Ordinance, 2007, is hereby repealed.

Ord. 5 of  
2007.

(2) Notwithstanding such repeal, anything done or any action taken under the principal Act, as amended by the said Ordinance, shall be deemed to have been done or taken under the principal Act, as amended by this Act.

## STATEMENT OF OBJECTS AND REASONS

The Narasimham Committee-II on Banking Sector Reforms had observed that it is inconsistent with the principles of effective supervision that the regulator is also the owner of a Bank. The Reserve Bank of India, therefore, accepted the recommendations of the Committee for transfer of its shareholding in the State Bank of India, the National Housing Bank and the National Bank for Agriculture and Rural Development to the Government of India.

2. In February, 2007 the Government approved the proposal for transfer of ownership of shareholding of Reserve Bank, in the State Bank of India, to the Central Government. The transfer of shareholding involved the entire equity held by the Reserve Bank of India in the State Bank of India *i.e.* 31,43,39,200 shares comprising 59.73 per cent. of the total equity shares. In the current year's budget a sum of Rs. 40,000 crores has been provided for this purpose.

3. In view of the large amount involved (around Rs. 40,000 crores), it was decided to complete the transaction before 30th June, 2007, *i.e.*, the date of closure of the annual account of the Reserve Bank of India. In order to complete the above transaction before 30th June, 2007, it became necessary to carry out urgently the required amendments in the State Bank of India Act, 1955, so as to ensure that the transfer of the Reserve Bank of India's shareholding to the Central Government is effected before the 30th June, 2007.

4. As both the Houses of Parliament were not in session and the President was satisfied that circumstances existed which rendered it necessary for him to take immediate action, the State Bank of India (Amendment) Ordinance, 2007 (5 of 2007) was promulgated on the 21st June, 2007. The said Ordinance came into force on the 29th June, 2007 so as to facilitate the completion of the transaction of transfer of shares from the Reserve Bank of India to the Central Government before the 30th June, 2007.

5. The State Bank of India (Amendment) Ordinance, 2007 has,—

(i) substituted for the words "Reserve Bank", the words "Central Government" wherever they appear in sub-section (2) of section 3, section 5, section 10, section 11, clause (c) of section 19, sub-section (4) of section 24 and in section 36 of the State Bank of India Act, 1955;

(ii) substituted for the words "All directions given by the Central Government shall be given through the Reserve Bank", the words "All directions shall be given by the Central Government" in sub-section (2) of section 18 of the Act.

6. The Bill seeks to replace the aforesaid Ordinance.

NEW DELHI;  
The 3rd August, 2007.

P. CHIDAMBARAM.

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PRESIDENT'S RECOMMENDATION UNDER ARTICLE 117 OF  
THE CONSTITUTION OF INDIA

[Copy of letter No. 1/3/2007-BO.I dated the 10th August, 2007 from Shri P. Chidambaram, Minister of Finance to the Secretary-General, Lok Sabha.]

The President, having been informed of the subject matter of the State Bank of India (Amendment) Bill, 2007 recommends under article 117(1) and (3) of the Constitution the introduction and consideration of the above Bill in Lok Sabha.

## FINANCIAL MEMORANDUM

Clause 2 of the Bill proposes to amend sub-section (2) of section 3 of the State Bank of India Act, 1955 and thereby empowers the Central Government to acquire the shareholding of Reserve Bank of India in the State Bank of India. Clause 4 of the Bill proposes to amend sub-section (2) of section 10 of the said Act to remove the prohibition imposed on Reserve Bank of India to transfer any shares held by it in the State Bank of India if such transfer will result in reducing the shares held by it to less than fifty-five per cent. of the issued capital of the State Bank of India. The aforesaid sections namely sections 3 and 10 were amended by promulgation of the State Bank of India (Amendment) Ordinance, 2007 (5 of 2007) which came into force on 29th June, 2007. In accordance with the amended sections of the said Act (vide sections 2 and 4 of the said Ordinance), the Central Government has, on 29th June, 2007, acquired entire Reserve Bank of India shareholding in the State Bank of India against a total payment of Rs. 35531,33,14,720/- drawn from Consolidated Fund of India.

2. The expenditure incurred for acquiring the shareholding is of non-recurring nature.

P. D. T. ACHARY,  
*Secretary-General.*